



October 21, 2008

Indiana Economic Development Corporation

Barbara McNutt
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Indiana Professional Licensing Agency

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Dear Ms. McNutt:

Pursuant to IC 4-22-2-28, The Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small businesses associated with rule changes proposed by the Indiana Professional Licensing Agency ("IPLA") on behalf of the Private Investigator and Security Guard Licensing Board ("Board") and contained in LSA Document 07-343. This proposed rule adds 874 IAC 2 concerning private investigators and security guards to establish fees and implement the requirements of SEA 506, P.L.185-2007. P.L.185-2007 significantly improves the manner in which state government regulates the private investigator and security guard industries.

Prior to the enactment of P.L.185-2007, the IPLA issued a "Private Detective Agency" license to both actual private detective agencies as well as to security guard companies. The prior law did not distinguish between the two types of industries, and hence both industries were issued identical license types by IPLA. True security guard companies should not receive licenses that read "Private Detective Agency". An employee of a security guard company should not be issued an ID card that is the same as an ID card issued to a private investigator. Based on the different levels of experience required for the two professions, issuing an identical license to practitioners of each profession creates a potential risk for the citizens of Indiana. The proposed rule corrects this problem by establishing a separate license for the security guard company and private detective agency professions.

There are currently 417 private investigator firms and 227 security guard agencies licensed by the Board, resulting in 644 entities that would be subject to the proposed rule. The Board does not have the information necessary to determine which of these entities are small businesses. Therefore, the estimates reflected in the impact statement reflect the maximum possible economic impact assuming all affected entities are small businesses. Under the statutory provisions in effect prior to the effective date (July 1, 2007) of SEA 506, P.L.185-2007, an average of 101 agency licenses were issued annually, and an average of 272 agency licenses were renewed annually. The Board expects that the issuance of licenses will remain at the past rate of an average of 101 agency licenses issued per year. IPLA's database indicates that there were a total of 744 active licensed agencies on June 30, 2007, before the effective date of SEA 506. Although there are currently only 644 entities that would be subject to the rule currently, for purposes of this impact statement, the IPLA has assumed that by the first renewal period there will be at least as many agencies subject to regulation as there were prior to the current legislation taking effect.

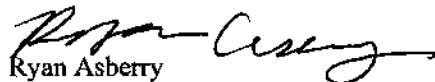
The proposed rule does not impose any new reporting requirements on affected small businesses. Costs associated with the rule consist of a \$300 licensing fee for each initial license issued and a renewal fee of \$300 every four years. Based on the data above, the maximum annual cost to small businesses associated with the issuance of new licenses is approximately \$3,000

[\$300 X 100 new licenses = \$30,000]. The maximum annual cost associate with license renewal is \$55,800 [\$300 X 744 total licenses / 4 year renewal term = \$55,800].

The IEDC does not object to the economic impact to small businesses associated with the proposed rule. P.L.185-2007 repealed the prior law thus necessitating the creation of a new article in the Indiana Administrative Code and the promulgation of new rules. Although this rulemaking document establishes a new fee structure, the fees assessed to small businesses under the prior rule and this rule remain the same. The IPLA has determined that the proposed rule will impose a cost on small businesses under IC 4-22-2.1-5 although that cost is at the same rate that was in effect before the law was changed. However, other sections of the rule contain provisions that will actually lead to savings for small businesses. Additionally, the proposed rule addresses the potential problems and risks associated with providing additional licenses to private detective agencies and security guard companies when the professions involve significantly different experience levels.

If you have any questions about the comments contained herein please contact me at 233-8962 or rasberry@iedc.in.gov.

Regards,


Ryan Asberry

Assistant Vice President